

1 Gary S. Wishik (SBN: 78614)
gswlaw@gmail.com
2 GARY S. WISHIK, APLC
3 9440 Santa Monica Blvd., Suite 301
4 Beverly Hills, CA 90210
Telephone: (310) 278-3092

5 STEVEN R. SCHLESINGER (*application for admission pro hac vice to be submitted*)
sschlesinger@jaspanllp.com
6 SOPHIA A. PERNA-PLANK (*admitted pro hac vice 10/29/2020*)
spernaplank@jaspanllp.com
7 Jaspan Schlesinger LLP
8 300 Garden City Plaza, 5th Floor
Garden City, NY 11530
9 Telephone: (516) 746-8000
10 Facsimile: (516) 393-8282

11 | Counsel for E-Revshare Core, LLC

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

I, MICHAEL STERN, declare as follows under penalty of perjury:

28 DECLARATION OF MICHAEL STERN IN FURTHER SUPPORT OF JOINDER OF E-REVSHARE CORE,
LLC IN CREDITOR BUSEY BANK'S MOTION FOR THE APPOINTMENT OF A CHAPTER 11 TRUSTEE
OR, IN THE ALTERNATIVE, FOR CONVERSION OF CASE TO CHAPTER 7 OF THE BANKRUPTCY
CODE, AND IN REPLY TO DEBTOR'S OPPOSITION TO THE MOTION
CASE NO. 20-30819

1 1. Except as otherwise indicated herein, I have personal knowledge of the matters
2 set forth herein, and, if called as a witness, would testify competently thereto.

3 2. I am the manager of E-Revshare Core, LLC, a Delaware limited liability company
4 (“E-Revshare” or “Empowerment”).

5 3. I am a resident of the State of New York and over the age of twenty-one.
6 Empowerment's principal place of business is maintained at 223 Wall Street, Huntington, New
7 York.

9 4. On June 5, 2020, Empowerment entered into a revenue participation purchase
10 agreement with Benja Incorporated (the “RPA”). A copy of the RPA is attached to the Joinder
11 (defined below). As set forth and established in the Joinder and the RPA, Empowerment is a
12 creditor of debtor, Benja Incorporated (“Benja” or the “Debtor”).

14 5. On or about October 26, 2020, Benja filed its opposition to the motion filed by
15 creditor Busey Bank (the “Bank” or “Busey”) for an order for the appointment of a Chapter 11
16 trustee for Benja and its estate, or, in the alternative, for the conversion of the Debtor’s case to a
17 case under Chapter 7 of the Bankruptcy Code (the “Motion”), which included a declaration of
18 Andrew J. Chapin, the purported largest shareholder and CEO of Benja (the “Chapin
20 Declaration”).

21 6. I have reviewed Benja's opposition papers, including the Chapin Declaration and
22 submit this declaration to highlight some of the blatant falsities proffered by the Debtor and Mr.
23 Chapin, and in further support of Empowerment's joinder in the Motion and the relief sought
25 therein (the “Joinder”).

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1 7. The misstatements of fact made by Mr. Chapin in the Chapin Declaration are
2 numerous. For example, Empowerment never informed the Debtor or Mr. Chapin that “the
3 nature of the Empowerment loan made it an off-balance sheet obligation.” (Chapin Declaration
4 at ¶ 14.) Empowerment is not an accounting firm and it is our practice to direct portfolio
5 companies like Benja to consult their own accounting professionals. Empowerment did not and
6 would not make any statement or representation that the transaction with Benja was an off-
7 balance sheet obligation.
8

9 8. Mr. Chapin inaccurately represents that he kept “Empowerment informed of the
10 Busey loan from the beginning of negotiations.” See Chapin Declaration at ¶ 15. In reality,
11 Benja and Mr. Chapin failed to disclose key aspects of Busey’s loan, such as security interests
12 and the amount drawn on the facility on numerous occasions.
13

14 9. Additionally, contrary to what Mr. Chapin states in his declaration Benja is not
15 current on its obligations to Empowerment under the RPA. I have reviewed Empowerment's
16 books and records, and Benja has failed to pay the September 2020 revenue share, which was
17 due in early October before the date of bankruptcy petition.
18

19 10. Further, I have reason to believe that Mr. Chapin's representation of purported
20 accounts receivable exceeding \$6,000,000.00 is fake. (Chapin Declaration at ¶ 4). For example,
21 in or about April 23, 2020, Empowerment made certain Benja customer reference calls to verify
22 financial information. In connection with one such call, Benja provided us with the contact
23 information for Adam Spangler of Nike. However, we later determined that the contact
24 information was in fact for Gabe Mott, a Benja employee, evidencing that Benja fabricated the
25 customer reference and that Nike was not a large, enthusiastic customer as Benja claimed, and

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1 perhaps was not a customer at all. Similarly, five months of bank statements provided by Busey
2 bank reflect no payments from any of Benja's purported high profile customers.

3 11. As further evidence of fraud, bank statements provided to Empowerment by
4 Benja reflect a certain \$208,484.54 payment to Conde Nast on August 31, 2020. As part of our
5 investigation, we communicated with Maria Marino, Supervisor, Treasury Services at Conde
6 Nast, and Vickie Meredith, Manager of Treasury Services at Advance Publications (which owns
7 Conde Nast) to confirm the payment. Both Ms. Marino and Ms. Meredith confirmed that no such
8 payment was received from Benja.
9

10 12. The misinformation contained in the Chapin Declaration as highlighted above
11 serves as further support that a Chapter 11 trustee should be appointed in this case.
12

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct and that this declaration was executed on October 26, 2020.

Signature: s/Michael Stern

Printed name: Michael Stern

Business Address: 223 Wall Street, Huntington, NY

Phone Number: (917) 477-7967

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